

STATE OF TENNESSEE
DEPARTMENT OF FINANCIAL INSTITUTIONS

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SECRETARY OF STATE

TENNESSEE DEPARTMENT OF)
FINANCIAL INSTITUTIONS,)
COMPLIANCE DIVISION,)
Petitioner,)
v.)
OCWEN LOAN SERVICING, LLC)
NMLS ID# 1852)
OCWEN MORTGAGE SERVICING, INC.)
NMLS ID# 1089752)
Respondents.)

APD Docket No. 03.06-143697J
TDFI File No. 17-086

NOTICE OF CHARGES AND OPPORTUNITY FOR HEARING

The Compliance Division of the Tennessee Department of Financial Institutions, by and through counsel, avers the following:

JURISDICTION AND IDENTIFICATION OF THE PARTIES

1. Pursuant to TENN. CODE ANN. § 45-1-104, the Tennessee Department of Financial Institutions (the "Department") is charged with the execution of all laws relative to persons doing or engaged in a banking or other business as provided in Title 45 of the Tennessee Code.

2. The Commissioner is responsible for the administration, interpretation, and enforcement of the Tennessee Residential Lending, Brokerage and Servicing Act, TENN. CODE ANN. §§ 45-13-101, *et seq.* (the "Act"), and any rules promulgated pursuant to the Act.

3. The Compliance Division of the Department ("Petitioner" or "Division") is the lawfully designated representative through which the Commissioner regulates any and all persons pursuant to the Act.

4. Ocwen Loan Servicing, LLC, ("Respondent" or "OLS") is a Delaware Limited Liability Company authorized to do business in Tennessee by the Tennessee Secretary of State since May 16, 2002. Its principal office is located at 1661 Worthington Road, Suite 100, West Palm Beach, Florida 33409. OLS is registered with the Nationwide Mortgage Licensing System and Registry ("NMLS") as unique identifier 1852. OLS' registered agent for service of process is Corporation Service Company, 2908 Poston Avenue, Nashville, Tennessee 37203-1312. Since April 21, 2004, OLS has been authorized to conduct business in this state as a mortgage loan servicer for residential mortgage loans under the Act, having been issued license number 109424 by the Department.

5. Ocwen Mortgage Servicing, Inc. ("Respondent" or "OMS") is a U.S. Virgin Islands for-profit corporation authorized to do business in Tennessee by the Tennessee Secretary of State since July 25, 2013. Its principal office is located at 56 King Street, Saint Croix, U.S. Virgin Islands 00820-5080. OMS is registered with the NMLS as unique identifier 1089752. OMS' registered agent for service of process is CT Corporation System, 800 South Gay Street, Suite 2021, Knoxville, Tennessee 37929-9710. Since July 17, 2014, OMS has been authorized to conduct business in this state as a residential mortgage loan servicer under the Act, having been issued license number 119432 by the Department. OMS owns all or a majority of the outstanding ownership interests in its subsidiaries. OMS, through its principal subsidiary, OLS, is primarily engaged in business activities related to residential mortgage servicing.

STATUTORY AUTHORITY

6. TENN. CODE ANN. § 45-13-102 provides that it is the purpose of this Act to ensure a sound system of making residential mortgage loans through the licensing,

examination and regulation of mortgage lenders, mortgage loan brokers, mortgage loan servicers and mortgage loan originators.

7. TENN. CODE ANN. § 45-13-103 further provides that the Commissioner is granted broad administrative authority to administer, interpret and enforce the Act.

8. TENN. CODE ANN. § 45-13-104 states that the Act is remedial in nature and is to be liberally construed to effectuate its purposes.

9. TENN. CODE ANN. § 45-13-201(a) provides that no person shall act as a mortgage lender, mortgage loan broker or mortgage loan servicer in this state without first obtaining a license under the Act.

10. In order to qualify for and maintain a license, a person must demonstrate, among other requirements, "the financial responsibility, experience and character" to warrant the belief that the business of the person will be operated lawfully and within the purposes of the Act. TENN. CODE ANN. § 45-13-203(a)(1)(A).

11. TENN. CODE ANN. § 45-13-401(5) provides, in pertinent part, that it is a violation of the Act for any person subject to the Act to fail to comply with the Act or any rules or regulations promulgated under the Act.

12. TENN. CODE ANN. § 45-1-107(a)(4) provides that, in addition to other powers conferred by Title 45 of the Tennessee Code, the Commissioner has the power to order any person to cease violating a provision of Title 45 of the Tennessee Code or a lawful rule issued thereunder. Pursuant to TENN. CODE ANN. § 45-1-107(c), notice and opportunity for a hearing shall be provided in advance of the Commissioner issuing such an order.

13. Similarly, the Act, in TENN. CODE ANN. § 45-13-405(a)(1) states that if, after notice and opportunity for a hearing, the Commissioner finds that a person has violated the Act or any administrative rule issued pursuant to the Act, the Commissioner may order the

person to cease and desist violating the Act or any administrative rule issued pursuant to the Act.

FACTUAL ALLEGATIONS

14. Pursuant to TENN. CODE ANN. § 45-13-503, persons holding a license under the Act are required, by order or direction of the Commissioner, to submit to the NMLS mortgage call reports ("Call Report") in the form and containing the information required by the NMLS. The NMLS requires that these call reports be submitted quarterly with respect to mortgage loan activity and annually with respect to a company's financial condition.

15. According to the Call Report submitted by Respondent OLS for the fourth quarter of 2016, OLS was servicing 24,259 Tennessee mortgage loans.

16. On March 31, 2017, Respondents filed in the NMLS and, therefore, made available to the Department, their audited Consolidated Financial Statements (Financial Statements), as of December 31, 2015 and 2016. The Financial Statements are for OMS and its subsidiaries, including OLS.

17. The Financial Statements contain, in pertinent part, the following:

(a) an admission that the companies have incurred net losses in each of the last three years that have eroded equity and weakened financial conditions; and

(b) an acknowledgment that there are challenges and uncertainties that could have a significant adverse effect on the companies' business, liquidity and financing activities.

18. Further, based on the Department's review of the Call Report of OLS and the Respondents' Financial Statements, it appears that:

(a) the companies may not be able to meet their short term financial obligations; and

(b) the companies may not have sufficient liquid assets.

19. The facts set forth above evidence that Respondents no longer have or soon will no longer have the financial responsibility to warrant the belief that the Respondents' business will be operated lawfully and within the purposes of the Act.

CAUSE OF ACTION

20. The factual allegations contained in paragraphs 14 through 19, incorporated by reference as though specifically set forth herein, are sufficient to establish that Respondents have engaged in, are engaging in, or are about to engage, in acts and practices which warrant the belief that Respondents do not have the financial responsibility to operate lawfully and within the purposes of the Act, in violation of TENN. CODE ANN. § 45-13-203(a)(1)(A).

PRAYER FOR RELIEF

WHEREFORE, Petitioner hereby requests the following relief:

21. That each Respondent be ordered to cease and desist from committing any future violations of TENN. CODE ANN. § 45-13-203(a)(1)(A).

22. That Respondents and their officers, directors, managers, employees, independent contractors, agents, successors and/or assigns, be ordered to cease and desist from acquiring new mortgage servicing rights and from acquiring or originating new residential mortgages serviced by either Respondent in this state until Respondents can satisfactorily demonstrate to the Commissioner that they have the financial responsibility to

warrant the belief that the Respondents' business will be operated lawfully and within the purposes of the Act by submitting a written plan to the Commissioner that addresses the financial condition concerns set forth in these Notice of Charges and that reflects the Respondents' ability to operate in a sound manner.

23. NOTHING herein shall prevent either Respondent from servicing the existing portfolio of mortgage loans or from selling or assigning the servicing of residential mortgage loans to another licensed entity.

24. NOTHING herein shall prevent the Department from taking any further administrative action under the authority of the Act.

RIGHTS OF THE RESPONDENTS

25. Each Respondent is hereby provided written notice that each is entitled to a contested case hearing before the Commissioner, or the Commissioner's designee, to contest the Notice of Charges pursuant to the "Uniform Administrative Procedures Act" ("UAPA Act"), TENN. CODE ANN. §§ 4-5-301, *et seq.*, and the "Uniform Rules of Procedure for Hearing Contested Cases before State Administrative Agencies," TENN. COMP. R. & REGS. 1360-04-01, *et seq.*

26. Specifically, at any contested case hearing, all parties have the right to be represented by legal counsel, at their own expense. Additionally, the parties are entitled to the issuance of subpoenas to compel witnesses to attend the contested case hearing, to examine and cross-examine witnesses, to present evidence, and to submit argument. Any contested case hearing shall be recorded and transcribed by a court reporter. Each party may request a copy of the transcript from the court reporter at the party's own expense.

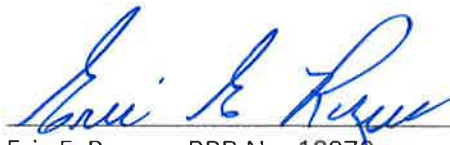
27. Each Respondent is hereby provided written notice that the failure of a party to attend or to participate in a prehearing conference, hearing, or other stage of a contested

case proceeding after due notice thereof is cause for holding such party in default pursuant to TENN. CODE ANN. § 4-5-309 of the UAPA Act and TENN. COMP. R. & REGS. 1360-04-01-.15. After entering into the record evidence of service of notice to an absent party, a motion may be made to hold the absent party in default and to adjourn the proceedings or continue on an uncontested basis. The administrative judge, when sitting with an agency, advises the agency whether the service of notice is sufficient as a matter of law, according to TENN. COMP. R. & REGS. 1360-04-01-.06. If the notice is held to be adequate, the agency, or administrative judge hearing a case alone, shall grant or deny the motion for default, taking into consideration the criteria listed in TENN. COMP. R. & REGS. 1360-04-01-.06, subsections (3) (a) through (3) (d), where appropriate. Grounds for the granting of a default shall be stated and shall thereafter be set forth in a written order. If a default is granted, the proceedings may then be adjourned or conducted without the participation of the absent party. The agency or administrative judge shall serve upon all parties' written notice of entry of default for failure to appear. The defaulting party, no later than fifteen (15) days after service of such notice of default, may file a motion for reconsideration under TENN. CODE ANN. § 4-5-317, requesting that the default be set aside for good cause shown, and stating the grounds relied upon. The agency or administrative judge may make any order in regard to such motion as is deemed appropriate, pursuant to TENN. CODE ANN. § 4-5-317. Upon entry into the record of the default of the petitioner at a contested case hearing, the charges shall be dismissed as to all issues on which the petitioner bears the burden of proof, unless the proceedings are adjourned. Upon entry into the record of the default of the respondent at a contested case hearing, the matter shall be tried as uncontested as to such respondent, unless the proceedings are adjourned. When the matter is tried as uncontested, the

petitioner has the burden of establishing its allegations by a preponderance of the evidence presented.

29. Any individuals with disabilities who wish to participate in any proceedings before the Commissioner, or the Commissioner's designee, should contact the Department to discuss any auxiliary aids or services needed to facilitate such participation. Such initial contact should be made no less than ten (10) days prior to the scheduled hearing date to allow time for the Department to determine how it may reasonably provide such aid or service. Initial contact should be made with Leslie Yanez, ADA Coordinator, Tennessee Department of Financial Institutions, Tennessee Tower, 26th Floor, 312 Rosa L. Parks Avenue, Nashville, Tennessee 37243, telephone number (615) 532-1014, facsimile number (615) 741-2883, email address Leslie.Yanez@tn.gov.

Respectfully submitted this 20th day of April, 2017.



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Email: Sarah.Branch@tn.gov

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing "Notice of Charges" has been scanned and sent electronically to:

Phyllis R. Caldwell, Chair of the Board
C/O Timothy Hayes, General Counsel
timothy.hayes@ocwen.com

Robert A. Salcetti, Vice Chair of Board
C/O Timothy Hayes, General Counsel
timothy.hayes@ocwen.com

President
Ronald M. Faris
Ronald.faris@ocwen.com

General Counsel
Timothy Hayes
timothy.hayes@ocwen.com

By separate emails to CSBS:
tvasile@csbs.org and jprendergast@csbs.org

and deposited with the United States Postal Service ("USPS") to be sent *via* USPS certified mail, return receipt requested, to the Respondents and the Respondents' registered agent as follows:

Ocwen Loan Servicing, LLC
C/O Timothy Hayes, General Counsel
1661 Worthington Road-Suite 100
West Palm Beach, FL 33409

Ocwen Mortgage Servicing, Inc.
1108 King Street
Christiansted, USVI 00820-5080
U.S. Virgin Islands

Ocwen Loan Servicing, LLC
C/O Corporation Service Company
2908 Poston Avenue
Nashville, Tennessee 37203-1312

Ocwen Mortgage Servicing, Inc.
C/O C. T. Corporation System
800 South Gay Street – Suite 2021
Knoxville, Tennessee 37929-9710

On this, the 20th day of April, 2017.



Eric E. Rogers, (BPR #18870)
Chief Legal Counsel-Compliance Division
Tennessee Department of Financial Institutions